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**GHANA TEXTILE/GARMENT INDUSTRY.
AN ENDANGERED ECONOMIC SUBSECTOR**

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GHANA TEXTILE/GARMENT INDUSTRY - AN ENDANGERED ECONOMIC SUBSECTOR



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ABSTRACT

For nearly three decades now, Ghana's textile/garment industry has suffered a steep decline - a decline so steep and so rapid that if not arrested, can cause the industry to move to total extinction within the next decade or two. What could account for the precipitous decline in Ghana's textile and garment industry? This is the main subject of this paper.

The cause of the decline may be traced to two major factors. These are:

1. Severe competition from North America, Western Europe and the newly industrializing countries of South-East Asia - countries with clear and decisive technological and economic advantages over Ghana's domestic industry, and
2. The hostile domestic economic environment.

This paper discusses these and other hostile factors and makes suggestions for a new official policy framework and support measures which should help to revive Ghana's textile/garment industry and enable it to compete favourably on both the domestic and international markets.

INTRODUCTION

For nearly 3 decades now Ghana's textile/garment industry has suffered a steep decline - a decline so steep and so rapid that if not arrested, can cause the industry to grind to total extinction within the next decade or two. Over the same past period the textile/garment industry in the east and south-east countries of Asia like the Republic of China, Korea, Japan, Thailand, Malaysia, the Philippines, India and Sri Lanka has made tremendous forward strides. What could account for the precipitous decline in Ghana's textile/garment industry? This is the subject of this study.

The study is an empirical one based mainly on unstructured personal interviews with managers of the major textile manufacturing firms, cotton growers and relevant public officials. Desk research was also used with reference to published sources.

The paper covers a description of the textile/garment subsector, an inquiry into the possible causes of the decline in the industry, a brief look at official policy on the industry and suggestions for reviving the industry.

THE SUBSECTOR

Ghana's textile subsector is engaged primarily in the production of fabrics for use by the garment industry heavily based on cotton. However, production of fabrics based on man-made fibres (synthetics) and the blend of them is also undertaken on quite a large scale.

Cotton processing (ginning, spinning, weaving, printing and finishing) is the major activity in the textile industry.

The main cotton-based textile products include:
traditional African prints (Wax, java, Batik, Tie and Dye etc), bedsheets, school uniforms, household fabrics including curtain materials, kitchen napkins, diapers and towels.

Man-made fibres used in the industry are mainly polyester, acrylic and polyamide. The main products of the man-made fabrics and their blends include;

suiting fabrics, knitted underwear, knitted blouses, shirts and socks.

Other textile products of the subsector include:

jute bags, fishing nets, ropes, twine, elastic braids, shoe laces, lamp wicks, sewing thread, and metallic zip fasteners.

Ghana's modern textile industry began in the early 1960s. A number of textile manufacturing factories were established by both the state and private investors following the adoption of government policy of import substitution after independence. Initially the industry was largely in the hands of foreign-owned firms but subsequent government policies, especially in the mid-70s led to increased state participation. Among the major textile firms established between 1960 and 1970 are:

Ghana Textile Manufacturing Company (GTMC) at Tema,
Akosombo textiles Ltd. (ATL) at Akosombo,
Ghana Textile Printing Company (GTP) at Tema,
Tema Textiles Ltd., (TTL) at Tema and
Juapong Textiles Ltd., (JTL) at Juapong.

Currently, Ghana Textile Manufacturing Company (GTMC) and Tema Textiles Ltd., (TTL) have merged under the name of Ghana Textile Manufacturing Company (GTMC).

Subsequent additions include:

Freedom Textiles Co. Ltd. Terrycot Knitting,
Ghana Blanket Factory, Wire Weaving Industries,
Oriental Pacific (Ghana) Ltd., Polytex Industries Ltd.,
Spintex, West Coast Spinning Mills, Seraphim
Textiles, Zakour Textiles, and Loyalty Industries.

There are also a large number of knitting and garment firms. These are based mainly in Accra. Thus it may be said that most of the large scale firms in the textile subsector are concentrated in Accra, Tema and Akosombo-Juapong area.

At least two of the plants, Ghana Textile Manufacturing Company, and Akosombo Textiles Ltd., are vertically integrated, producing from lint cotton yarns, cotton prints and shirting materials. Ghana Textile Printing Company (GTP) undertakes only cotton printing, using grey cloth produced and supplied by Juapong Textiles Ltd. Three of the major textile companies are state/private joint enterprises. These are Ghana Textile Printing (GTP), Juapong Textiles Ltd., (JTL) and Ghana Textile Manufacturing Company (GTMC).

There are also a large number of small firms engaged in hand screen printing of their own designs into fabrics, tie and dye and batik clothes.

OUTPUT

In 1970 the textile and garment industry's share of manufacturing value added was about 15% and accounted for some 27% of total manufacturing employment (UNIDO 1986:40). The capacity utilization rate about the same time was 60%. By 1982, however, this had declined to about 10% and 20% for the textile and the garment subsectors respectively. The

steep decline in the manufacturing sector in general between 1977 and 1982 was part of the general economic decline in the country but the decline had been particularly severe in the textile and garment industries.

In 1993, the contribution of the textile subsector (excluding wearing apparel) to total manufacturing output was 7.12%. (Source: Statistical Service, Accra). Its contribution to GDP was 4.0%. Its potential (including that of the garment industry) as a foreign exchange earner is vast and that is why it deserves all the encouragement and promotion possible.

A Ghana Ministry of Trade Report for 1994 gave the plant capacity utilization of the textile subsector as follows:

Table 1
Plant Capacity

Year	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1995
Capital Utilization	10%	20%	25%	19.7%	23%	35%	39%	41.3%	35%	37.0%	39%	37.50%

Source: Ministry of Trade Report on Ghana's Textile Industry, Accra, 1994.

Its average capacity utilization during the first quarter of 1995 was 44.0%. [Source: Ministry of Trade & Industry, Accra].

The gradual rise in capacity utilization is attributed to government's enabling policy in recent years.

THE GARMENT INDUSTRY:

In 1979 there were some 138 medium/large scale garment manufacturing companies in Ghana registered with the Ministry of Industry. So much decline set in that by 1987 this number had dropped to about 22. Since then some 50 new medium size firms have joined the active list bringing the medium/large number to some 72 by 1995, most of them being concentrated in Accra. Among the major operators which have closed down are:

Chanrai (Gh) Ltd., Corsetry Ltd., Glamour Garment Factory, Universal Garments Ltd., Mutual Union (Gh) Company Ltd., UTAMS Manufacturing Co., Zakour Textiles Ltd., and INTRA Garment [Source: Ministry of Trade and Industry, Accra].

In the decline it is the large/medium firms which have suffered most from quite a number of constraints certainly including competition from imported new products and imported second-hand clothing. other constraints include the poor state of machinery, liquidity and marketing problems.

There are many small-scale garment manufacturers in the country but with about 69% in Accra, the exact number of which it is difficult to determine but the national Board for Small-scale Industries gave 126 as the number of small-scale entrepreneurs registered with it at the end of 1994. [Ministry of trade and Industry's Report on the Textile subsector - 1994, p.2].

The major product groups of the garment industry may be classified as follows:

- i) Children's wear : boys and girls dresses;
- ii) Ladies wear : blouses, skirts,
underpants, brassiers,
nighties, ladies dresses,
morning coats, corsets
etc.
- iii) Gent's wear : suits, safari suits, T-
shirts, men's underwear,
pyjamas, hosiery etc.
- iv) Miscellaneous : umbrellas, bedsheets, zip
fasteners, elastic braids,
sewing thread, handkerchiefs, etc.

The estimated capacity utilization of the garment subsector is as follows:-

Year	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
	%	%	%	%	%	%	%	%	%	%	%
Capital Utilization	20.2	25.5	27.0	25.0	35.0	30.0	42.0	30.0	35.0	37.0%	30.0%

Source: Ministry of Trade Report on Ghana's Garment Subsector, Accra, 1994.

The early 1980s saw a steep decline in the performance of the garment subsector but except in 1981 there has been a steady increase in capacity utilization since 1986. The year 1991 was fairly bad because of a heavy influx of second-hand clothing which made it very difficult for quite a number of domestic garment factories to sell their products. Local factories were thus compelled to reduce production. [Source: Ministry of Trade and Industry, Accra, 1995].

Key raw materials in the garment subsector are textile fabrics (printed and unprinted), knitted fabrics, zip fasteners, elastic braids, buttons, sewing thread, trimmings etc. Kente fabric and nylon jersey materials for sports wear have also now been introduced. Apart from rustproof pins, butterfly and collarbones, fusible canvas and haircloth all other raw materials are locally available.

The subsector employed about 25,000 workers in 1992 but with some 10 large-scale garment factories now closed down the 1995 figure is estimated at about 20,000 workers, with the industry moving away from large-scale to small-scale and household enterprises.

EXPORT:

The Ghana Export Promotion Council gave the value of total garment exported in 1993 as 761,702 U.S. dollars and 1,822,584 U.S. dollars in 1994 making a contribution of 2.34% to the total non-traditional export value of the country in 1994.

THE TRADITIONAL TEXTILES - KENTE, ADINKRAH, TIE AND DYE, BATIK

Traditionally kente weaving worked and existed in isolation until the need arose to organize and register them into weavers' cooperative societies. This started in 1960. The national Cooperative Kente/Adinkra Weavers' Association registered in 1976 has under its umbrella about 80% of the weavers in Ghana. The association is affiliated to the Ghana Cooperative Council, the official organ of the cooperative movement in Ghana.

The Association has as its objective:

- a) to promote the economic interest of its members and to arrange for the supply of inputs such as yarns, industrial thread and woven fabrics for the production of kente and Adinkrah cloths;
- b) to arrange for the marketing of members' products
- c) to preserve the cultural heritage by establishing training centres; and
- d) to encourage members to produce best quality Kente and Adinkrah cloths.

HISTORY AND AREAS OF CONCENTRATION:

The history of kente weaving in Ghana dates back to the 17th century and is believed generally to have originated at BONWIRE, a town about 20 kilometers north-east of Kumasi in Ashanti especially during the reign of King Osei Tutu of Ashanti, and today Bonwire has about the heaviest concentration of the industry. The other centres of the industry are in the Volta Region especially around the Keta district including Sasleme, Anyako, Sadame and Tsiamé. Some Kente weaving is also undertaken around the Ho and Worawora areas and in other parts of the country on a smaller scale. kente is generally worn on festive occasions while adinkrah is generally worn for mourning.

Alongside the colourful kente cloth the traditional adinkra cloth made of dyed grey cloth stamped with various symbols/motifs depicting the Ghanaian culture is produced. Export:

There are two main types of Kente weaving, (a) with patterns and (b) without patterns (plain). The colourful kente cloth with intricate patterns known in Akan language as “ADWIN NTOMA” is now very popular in the United States and Canada, Western Europe and the neighbouring African countries. Apart from its beauty and durability as wearing apparel, the kente is now being used to produce quite a wide range of items for export - bedspread, table cover, upholstery fabric, napkins, ladies stoles, ladies hand bags, men's cummerbunds, neck ties, jumpers, etc. One great advantage of kente is its uniqueness to Ghana which gives Ghana a complete monopoly and absolute comparative advantage on the export market. There have been European, Korean and Ivorian imitation kente prints but these are no match for Ghana's kente.

There are also in Ghana quite a large number of small-scale entrepreneurs engaged in household and cottage enterprises producing tie and dye and batik fabrics for garment and other purposes including table covers, napkins, upholstery materials etc. These are also very popular and a fair amount is being exported to the USA and Canada, Western Europe, the United Kingdom, the Middle East, Japan and other African countries.

In Northern Ghana the “Fugu”, a heavy fabric which, like kente, is woven on handlooms, is produced mainly for making men's smock, blankets etc. Most of the fugu is mainly for local use but some fugu men's wear is exported or sold in Ghana to foreign tourists.

The export potential for Ghana's kente, tie and dye and batik is vast. The Ghana Export promotion Council gave the value of exported kente products for 1993 as US \$1,477,353 representing a contribution of 57.34% to total non-traditional receipts. For 1994, however, the figure dropped to US \$568,154 representing a contribution of 24.41% to total non-traditional receipts.

Batik and tie and dye dresses exported in 1993 yielded US \$54,540 making a contribution of 2.12% to total non-traditional receipts. The export of kente, batik and tie and dye yielded US \$671,100 in 1994 representing a contribution of 0.03% to total national export receipts in that year. [Source: Ghana Export Promotion Council, Export Performance of Non-traditional Products for 1993-94].

The major exporters of Kente, Tie and Dye and Batik include Baffour Gyima Enterprise, Accra, Hebron Imex Ltd., Tema, Volta Weaving and Dyeing Industries Ltd., Tema, Wonoo Ventures Ltd., Accra, Design Traditions, Accra, and Spintex Ltd., Accra (mainly for imitation Kente).

COTTON PRODUCTION

The production of lint cotton in Ghana has now assumed a very important role in the textile/garment subsector. Ghana Cotton Company, which replaced the Cotton Development Board, is now in full commercial production of raw cotton and is the leading raw cotton producer in Ghana. Originally exclusively state-owned, the company is now being divested to private ownership with the various textile manufacturing companies as major shareholders.

Other raw cotton producers are privately owned and include Nulux Plantations Ltd., Development Plantations Ltd., Junior Agro, Upper West Cotton Promotion Ltd., Cortext and Plantation Agriculture. Ghana's national requirement of raw cotton is estimated at 12,000 to 15,000 metric tons. In 1994 the various raw cotton producers supplied as follows:-

Ghana Cotton Company	- about 5,000 tons
Nulux Plantations	- " 1,500 tons
Plantation Agriculture	- " 1,500 tons
Junior Agro	- " 320 tons
Cortex	- " <u>125 tons</u>
Total	8,445 tons

Source: Ministry of Trade and Industry Report, 1995. Accra.

The rest of the national requirement was supplied mainly by other local producers and imported cotton sources. [Source: Ministry of Industry, Accra]. There are many peasant cotton producers mainly in the northern regions of Ghana but their total output is, on the whole, rather insignificant.

EXPORT:

Just as the textile subsector was beginning to increase its production output significantly and improve its competitiveness on the local market, the effects of an acute shortage of raw

cotton, locally produced and worldwide, negatively shook the performance of the subsector diminishing its capacity utilization to almost nothing. Almost all the major textile factories had to close down between October and December, 1994. Juapong Textiles Ltd., whose whole operation depended entirely on supplies from Ghana Cotton Company had to send out its personnel to Togo, Benin and Cote d'Ivoire to comb for raw cotton so desperately needed during the peak factory production period. When a small quantity was obtained in the West African subregion the cost was twice the local price. Juapong Textiles' average output at 3 shifts per day is 9-12 million metres per annum as against its installed capacity of 20 million metres per annum. It's acute need is a complete modernization of its machines. [Source: Interview with the Acting Managing Director, JTL].

During the year (1994), however, the 3 leading cotton producers (Ghana Cotton Company, Nulux Plantations Ltd., and Development Plantations Ltd.,) exported some amount of their cotton to Europe and the Far east.

Currently, about 80-90% of Ghana's national requirement of raw cotton is produced locally and its export potential is vast. It is for the official policy makers to encourage and promote cotton farming in the country to take advantage of the vast world demand for cotton. Like all the other subsectors of the textile/garment industry cotton production has its fair share of the constraints, which should be addressed.

Meanwhile, Ghana is still importing lint cotton, cotton yarns and cotton fabrics. Ghana's total importation of these products over the period 1992-1994 was as follows:

Table 2
Import of lint cotton, cotton yarns and cotton fabrics

Total netmass in millio kilograms			CIF (US dollars) Million			CIF (cedis) Billion			
1992	1993	1994	1992	1993	1994	1992	1993	1994	1995
2.74	1.132	3.645	4.86	6.143	12.452	2.173	4.984	12.590	15.510

Source: Ghana Customs Excise and Preventive Service, Accra, 1995.

Official policy should aim at minimizing imports and maximizing exports through appropriate support measures.

SECOND-HAND CLOTHING

Recent decades in Ghana's industrial history have witnessed a steady increase in the second-hand trade not only in terms of volume and value of imports but also in terms of labour employed in the trade running literally into thousands ranging from importers to wholesalers and retailers scattered all over the country but with the heaviest concentration in the urban centres particularly in the Accra metropolitan area.

Second-hand clothing decidedly has several competitive advantages over the products of local garment factories. The fabrics used for secondhand clothing are superior. In terms of design they are generally way above local factory products. In terms of price advantage they are much cheaper and much more affordable. Secondhand clothing was originally a product for the low-income social groups but today it has a great appeal to all classes of people from the very poor to the very affluent including the highly educated and professional groups. Often some of the secondhand products are either brand-new or nearly new and in the current difficult economic times the stigma that used to plague secondhand clothing has almost totally disappeared. At the macro level it is making a significant contribution to national revenue by the payment of import duties and other taxes in addition to the employment it offers to tens of thousands of men and women in the country.

On the other hand, most of the woes of the domestic garment industry have been blamed on the massive importation of secondhand clothing making it both politically and economically very sensitive. The Secondhand clothing Dealers Association, which seeks to promote the interest of its members, is today quite a powerful and influential pressure group in the country. With all the above advantages and appeal it is indisputably a great competitive force against the products of the local garment industry. It is estimated to have taken more than 65% of the local garment market currently. [Source: Interviews with marketing executives of local garment firms, Accra 1995].

IMPORTS AND RE-EXPORT

One very interesting aspect of the secondhand clothing is the re-exportation of some of these imported goods to some neighbouring countries in the West African sub-region including Cote d'Ivoire and Nigeria, where the importation of secondhand clothing has been banned. Most of the export goes through smugglers. Import and export of secondhand clothing over the period 1992-1994 are as follows:-

Table 3
Import of Secondhand Clothing

Product	Netmass in million kilograms			CIF (US dollars) Million			CIF (cedis) Billion			
	1992	1993	1994	1992	1993	1994	1992	1993	1994	1995
Worn Clothing	19.002	16.111	27.319	15.110	10.173	21.859	6.733	7.239	22.434	31.210

Source: Ghana Customs Excise and Preventive Service, Accra, 1995.

Table 4
Export of Secondhand Clothing

Quantity (Bales)				Value (US dollars)				Contribution to non-tradition export			
1989	1990	1991	1992	1989	1990	1991	1992	1989	1990	1991	1992
Not available	-		13.74	165,113	258,088	400,264	-	0.50%	0.90%	0.89%	

Source: Ghana Export Promotion Council, Accra.

MODE OF OPERATION:

The structure of the secondhand clothing business is made up of several large-scale male and female importers based mainly in the Accra-Tema metropolitan area. A few other importers are around the other urban centres but more significantly in Kumasi. The leading importers include:

- Messrs. Taipana Ltd., in Accra
- “ Oscarpakt in Accra
- “ Evertex in Accra
- “ Kate Arthur Enterprise in Accra
- “ Baafour Ltd., in Accra
- “ Ernesthurco Commercial Enterprise in Accra and
- “ Adu Brothers in sKumasi

These large importers distribute to large-scale wholesalers who further distribute to large and medium size retailers and further on to small retailers in both urban and rural centres. Thus the distribution network is not only wide but also very strong reaching even the remotest rural areas in a manner hitherto out of reach of the local garment industry.

The secondhand clothing business covers a wide range of products including various types of men's wear including shirts, trousers, shorts, sports-wear, suits, hosiery, neckties, women's wear including underwear, blouses, skirts, stockings, brassiers and children's wear including frocks, sweaters, pullovers and hosiery. Among the household items are bedsheets, curtains, blankets, table covers, towels and napkin. Thus it is not difficult to visualize the extent and magnitude of competition posed by imported secondhand clothing to our domestic textile and garment industry.

The major exporters to Ghana include the United Kingdom, USA, Canada, Germany, Holland and Belgium.

One other remarkable aspect of the secondhand clothing business is the extensive credit facilities offered by importers to wholesalers and by wholesalers to retailers thus making the links in the chain of distribution mutually supportive - a great source of strength and solidarity that promotes the entire business under the umbrella of their National Association.

FINDINGS

There are quite a number of constraints to performance improvement in Ghana's textile industry in general. A few are, however, peculiar to some subsectors such as the garment subsector and kente weaving. In general, however, the inhibiting factors include the following:

- 1. Unreliable supply of inputs, machine parts etc:**
Nearly all machine spare parts have to be imported from abroad and these take time to arrive for delivery. Shortages do occur from time to time causing costly interruptions in production.
- 2. Obsolete Machines:**
Most machines and equipment of the textile/garment companies are old and obsolete requiring massive and expensive spare parts for their maintenance and causing costly interruptions in production. The average age of most of the machines in use ranges between 20 and 25 years or more. Juapong Textiles Ltd., for instance, is still using already secondhand machines from China installed as far back as 1968.
- 3. Finance:**
Medium and long term loans are not easy to come by in Ghana generally. Most of the companies in the textile/garment subsector also bitterly complain about the very high interest rates (32-45%) charged on borrowed capital by the commercial banks. Some managers in the subsector maintain that world maximum rate is about 8%. Thus apart from difficult access to credit the interest rates payable on credit facilities are rather exorbitant rendering operators uncompetitive.
- 4. Inadequate back-up/support services:**
Apart from a few concessions to the initial investor in industry generally and for machine replacement, and some incentives to export-oriented enterprises, official back-up/support services and measures for the textile/garment subsector in particular have been rather inadequate. Other back-up facilities such as Research and Development and effective quality control at the national and factory level for the subsector have been lacking.
- 5. Inadequate institutional capability for promoting, monitoring and evaluating performance of the subsector:**
The Ministry of Trade and Industry is doing its best for industry in general. However, for effective promotion, monitoring, evaluation of the subsector's performance and special attention to its needs and development the Ministry will possibly require a specialized division/unit with the necessary logistical support and additional technically qualified staff.
- 6. Administrative bottlenecks slowing down official approvals, decision-making and actions of enterprises in the subsector:**
An example of the above is the case of export duty drawbacks where customs bureaucracy so much delays official action and processing that quite a number of

firms have almost given up their claims for many months now.

7. Poor infrastructural support:

Supply of electric power, water and telecommunication services is too frequently interrupted and their tariffs too high swelling production costs and making company operations less competitive.

8. Tough competition due to the influx of cheaper textile products and secondhand clothing:

Taking advantage of Ghana's trade liberalization policy there is massive inflow of cheaper (and sometimes better) textile products (yarns, fabrics, garment etc.) from countries with much greater competitive advantage over Ghana, as well as secondhand clothing which is increasingly threatening the Ghanaian garment subsector in particular.

9. Low duty on imported finished textile fabrics, garment and secondhand clothing against relatively high duty on imported raw materials for local industries:

This situation gives still much greater competitive edge to imported goods over locally produced products - a fearsome threat to the survival and growth of Ghana's domestic textile/garment industry.

10. Depreciating cedi exchange value:

The freely falling cedi on the foreign exchange market is decidedly a serious disadvantage to all Ghana's industries (including textile and garment) which depend on imported machinery, spare parts and inputs.

11. Inadequate training facilities to develop and update technical skills, fashion designing etc.

12. Prejudice against domestic manufactured goods:

This refers to the belief among many Ghanaian consumers that goods made in Ghanaian factories are generally of lower quality and are less desirable merchandise. The prejudice automatically gives the imported product a competitive advantage over its Ghanaian substitute.

- 13. Lack of aggressive marketing and promotional effort and strategy:**
The majority of Ghanaian entrepreneurs are not aware that marketing is the principal activity of any enterprise which produces and sells and that marketing and promotional expenses are also an investment - as important as physical production itself. Following from this lack of awareness many local producers do not put in enough marketing and promotional effort and resources.
- 14. Low level of management skills:**
Management skills in the textile/garment industry in Ghana are generally low and relatively scarce. There is need to develop and inject modern professional management talent into the textile/garment subsector.
- 15.** In the kente/adinkrah subsector the traditional handloom technique is still quite backward and incapable of coping with the increasing international demand. There is need to explore a faster but simple technique capable of weaving broader strips with greater efficiency. There is also need to introduce very elementary business management practices such as simple book-keeping and basic principles of marketing to the producers.
- 16.** In the cotton production subsector the greatest needs are: finance, introduction of superior species of cotton with higher yields, stronger and better fibre, agricultural marketing techniques, better machines for ginning and modern management skills.
- 17. Workers' Strikes:**
Frequent workers' strikes (including wild-cat strikes) have plagued the textile/garment industry in recent decades causing costly interruptions in production. The need for industrial peace is paramount in this subsector. Workers education is very vital in this subsector.

Answers to these and other constraints should enable Ghana's textile and garment industry to survive, grow and take its rightful place on both the domestic and the international market.

OFFICIAL POLICY ON THE TEXTILE/GARMENT INDUSTRY

The government's industrial, financial and monitoring policies are embodied in a report titled "Industrial Policy Statement, a Strategy for Industrial Regeneration" and all its programmes of financial and other incentives and support measures designed to revitalize the industrial sector of the Ghanaian economy in general. [Ghana Govt: "Industrial Policy Statement ..., Accra, 1992].

The courage, the will and the bold decision to revitalize industry in general are by nature a political decision and all the financial incentives (tax rebate, duty drawback, export retention and other investment incentives) with all the support services represent the financial aspect of official policy towards industry of which the textile/garment subsector is an integral part.

The establishment and maintenance of the Ministry of Trade and Industry and all the powers and resources vested in it for the purpose of supervising, coordinating, encouraging, advising and monitoring the performance of industry in Ghana represent government's institutional framework policy and efforts for monitoring the performance of the industrial sector.

In outline the government's National Policy Objectives are as follows:

GENERAL

1. Providing greater employment opportunities and diversifying sources of income generation.
2. Achieving a sustainable economy and its integration with subregional, regional and international economies.
3. Providing adequate food, clothing, shelter, health and energy.
4. Promoting ecological balance between man and nature.

Of the above the most directly related to the textile/garment industry are:

- a) Providing adequate clothing and
- b) Providing greater employment and diversifying sources of income generation especially through the development of its export potential.

These objectives are the areas where the textile/garment subsector can make a direct contribution and should be given all the encouragement for growth and the needed contribution to the national economy. It should be noted, however, that official policy has so far been aimed at industry in general. There is yet to be one specifically on the textile/garment subsector.

SPECIFIC INDUSTRIAL OBJECTIVES

The main objective of government policy is to improve rapidly the pace of national industrial development in the short, medium and long term.

Long-term Objective:

The long-term is “to create a balanced industrial structure capable of accelerating national economic growth”.

Medium-term:

“To create a solid base for increasing production of manufactured goods with increased local content for national consumption and for export” by increasing the exploitation and processing locally the nation's raw materials.

Short-term:

“To improve general industrial performance and overcome the problems associated with heavy dependence on imported goods and under- of production capacity”.

In pursuit of the above objectives the government of Ghana has developed a programme to attract a greater flow of private domestic and foreign direct investment aimed at facilitating industrial rehabilitation and enhancing industry 's productivity, competitiveness and viability. The programme is already in place to encourage and assist potential local and foreign investors by means of a package of incentives and support measures.

GENERAL COMMENTS ON OFFICIAL POLICY

Current official policy of promoting industry in general is good except that it covers Ghanaian industry in general and does not sufficiently address the acute, peculiar constraints/problems currently plaguing the textile/garment industry. The textile/garment industry certainly contributes to the official objective of “providing greater employment opportunities and diversifying sources of income generation”. Now could be the time for “adjusting macro-economic and SECTORAL policies to enhance the development of the industrial sector” at least for the benefit of the textile/garment subsector.

Even though a study had been carried out (1990-91) on the “Impact of the Structural Adjustment Programme on the Food Processing Sector and the Textile Subsector” most of the affected firms' suggestions for revitalizing the textile subsector are largely yet to be implemented. [See pp.iv-vi of the Report, Accra, 1991].

SUGGESTIONS FOR REVIVING THE INDUSTRY

Most imported fabrics and garments are imported from countries with definite technological, financial and other advantages over Ghana's domestic textile/garment producers. Principal competitors/suppliers are the East Asian countries such as Mainland China, Taiwan, Hong Kong, Indonesia, Malaysia, Thailand and South Korea. These countries are using definitely modern and more efficient techniques compared to the old,

obsolete machines in use in the Ghanaian textile/garment industry. [Source: UNIDO., Country Reports on S.E. Asia Textile Industry, 1991, pp. 149-165].

Competition from textile products of the high-technology large-scale European producer countries such as Great Britain, Holland, Belgium and France puts the Ghana-made products at still much greater disadvantage in terms of both quality and unit cost of production. Borrowed capital is cheaper and access much easier in those countries compared to Ghana where borrowed capital from the commercial banks attracts as much as 45% interest rate or higher.

Also on the domestic market imported second-hand clothing from America and Western Europe has already dominated the local market for the textile/garment industry. [Source: Ministry of Trade and Industry, 1995 Reports, Accra].

With all these and other problems militating against Ghana's textile/garment industry there is need for massive support programmes for the domestic industry if it is to survive and grow. The subsector should be given reasonable protection especially by the imposition of higher tariffs on imported intermediate and finished products for which substitutes can be or are being produced locally. At the same time local taxes, duties etc. on locally produced textile products could be substantially reduced to help reduce local production costs. Other concessions and incentives to investors and exporters already in force should be improved generally.

These measures would be aimed not only at revitalizing the textile/garment industry but also at enhancing its competitive capability on both domestic and international markets.

Concurrently, support programmes should be mounted to assist the local industry in the area of modernization, technical and management staff training, availability of finance/loans at very minimal interest rates (1 -3%) to assist local producers to meet national domestic demand and to export.

The present international garment market (except for batik and kente on a very limited scale) is almost far beyond the reach of Ghana's textile industry in terms of quality, design and competitiveness. This demands a great ability for varying style and designs. Within a period of about 5 years the garment industry given the needed support measures and encouragement, could be in a position to satisfy domestic demand for garment and to export. A Textile Development Fund could be set up with funding from an appropriate donor agency or with funding from local sources built up from duties, taxes etc. on imported textile fabrics and finished garment, if possible with supplementation from other sources.

This Development Fund could be used to provide credit to the industry at concessional rates of interest for machinery replacement, training etc. for modernizing the industry. Expert

technicians, fashion designers and other technical personnel could be brought in to train local personnel and to impart skills.

GUIDELINES FOR FUTURE POLICY FRAMEWORK

A framework should normally seek to address in a coherent and consistent manner the problems identified. The problems/areas identified should be taken into consideration in formulating the policy framework. Some of the areas/problems identified as of singular importance to the textile/garment industry are as follows:-

1. The need to prioritize the subsector and accord it the priority treatment needed to revitalize it including reasonable protection from stiff foreign competition for some time, e.g. 5 years.
2. Modernization - including modernization of plant and equipment, modern management skills and techniques, worker productivity and quality control.
3. Production and use of indigenous raw materials.
4. Provision and availability of finance at minimal interest rates for machinery replacement and for working capital.
5. Training of managerial, technical and other personnel including designers for the garment subsector.
6. The need for a textile Research Institute for Research and Development and quality control.
7. The need to strengthen the textile section of the Ministry of Trade and Industry for more effective supervision, coordination and monitoring of the textile/garment industry.
There is need to augment the section with additional qualified technical staff and adequate logistical support.
8. The need to attract local and foreign direct investment into the textile/garment industry.
9. The need to boost the capacity of the textile/garment subsector for export through incentives, concessions and special support services.
10. The need to stabilize the exchange rate of the cedi.
11. The need for Government/private sector cooperation.
12. The need for possible international cooperation e.g. cooperation in the exchange of information on technology and markets; cooperation in the development of institutions for training, research and development, marketing and promotions, cooperation in enhancing intra-regional trade (e.g.ECOWAS) in textile and garment products.

CONCLUSION

From the problems and constraints we have identified earlier in the study such as the devastating competition from much more advanced Western Europe, North America, Japan, the newly industrializing countries of South-East Asia, secondhand clothing and our almost hostile domestic environment, it is not difficult to justify our description of our textile/garment industry as “An endangered economic subsector”.

However, with appropriate support measures and the needed encouragement, the end situation of the textile/garment industry in Ghana may be visualized in terms of 3 major goal achievements as follows:-

- a) a modernized, revitalized textile/garment industry;
- b) a very stable, strong subsector capable of competing favorably on both domestic and international markets; and
- c) a very dynamic and modern textile/garment industry satisfying the domestic market, exporting substantially to overseas markets, and boosting Ghana's non-traditional export base.

The realization of these goal achievements calls for a sound official policy, adequate, strong support services and a steady flow of direct investment from both domestic and foreign investors.

ABOUT THE SCHOOL OF ADMINISTRATION, UNIVERSITY OF GHANA, LEGON

INTRODUCTION

The School of Administration was originally established by statutory instrument in January 1960, as the College of Administration at Achimota, having begun as the Department of Commerce in the then Kumasi College of Technology (now University of Science and Technology).

In order to give the study of Administration its proper place in the country's higher education system and to attract the best candidates, it was decided that courses run by the College should be at University level. Hence in October 1962, the College of Administration was integrated into the University of Ghana. The College was given a status comparable to that of a faculty in the University and was redesignated SCHOOL OF ADMINISTRATION.

The School's current academic programmes are:

- i. Bachelor of Science in Administration of three years duration with specialization in Accounting, Marketing, Banking and Finance, Health Services Administration, Insurance, Human Resource Management, Management and Public Administration.
- ii. Bachelor of Arts in Administration of three years duration with specialization in Accounting and Management in combination with either Law, Psychology, Mathematics, Economics, Statistics or Sociology.
- iii. Diploma Programmes of two years duration in Accounting and Public Administration.
- iv. Master's Degree programme of two years duration leading to the award of either an MBA or MPA.
- v. In order to satisfy an emerging need of working executives for continuing education leading to the award of formal degrees, the School plans to mount a fee-paying part-time (evenings and week-end) Master's degree programme, to be known as Executive MBA.
- vi. There is a limited programme in doctoral studies.

MISSION

The object of the School is to maintain the highest accreditation standards normal for a prestigious Management School.

FACULTY

There are 40 full time lecturers supplemented by a number of part-time lecturers. Student population currently stands at about 1,700.

The School of Administration has links with a number of foreign universities. These include Aalborg University, Denmark, in the area of International Business; Free University of Brussels in the area of Management Information System and the University of Bergen, Norway, in the area of Bureaucratization in Africa.

ABOUT THE AUTHOR

Dr. A.H.O. Mensah, a member of the Faculty staff of the School of Administration, has the following academic and professional qualifications:-

BA degree in Economics, U.C.L.A.

MBA degree in Political Economy and Industrial Relations, New York University,
and

Ph.D degree in Political Science, University of Ghana, with concentration in public policies towards business.

He is also a Fellow of the International Bankers Association, with headquarters in Washington D.C., U.S.A. Dr. Mensah has a wide breadth and depth of commercial, industrial and academic experience, and in the fields of teaching and management consultancy. For 15 years before entering academia, he worked with Unilever and the Sterling-Winthrop group of New York during which he worked at postings in Ghana, Nigeria, Sierra Leone, the United Kingdom, India, Pakistan, Sri Lanka (Ceylon) and a number of Far-Eastern countries.

His experience in Ghana includes working at Ghana Broadcasting and Ghana Food Distribution Corporation. Dr. Mensah has also served as Chairman of the Boards of Directors of a number of companies, including the Ghana Co-operative Bank, the Juapong Textiles Limited, and the Bonsa Tyre Company Limited.

In academia, Dr. Mensah has served University of Ghana and University of Nigeria (Nsukka) since. 1976.

He has served several national and international organizations as a management/marketing consultant including the ILO, UNIDO and UNDP and has a number of publications in local and international referees Journals.



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